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SHAPING POLICY CURVES: COGNITIVE AUTHORITY IN TRANSNATIONAL CAPACITY BUILDING

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ABSTRACT

International organizations (IOs) such as the International Monetary Fund and the World Bank are assumed to rely on ‘sympathetic interlocutors’ at the national level to drive through economic reforms that conform to global policy norms. In this article we answer the following question: how do sympathetic interlocutors for IOs emerge in the first place? We address this question by examining how IOs engage in teaching norms to national officials via transnational policy training in order to increase the number of domestic reformers who are sympathetic to their prescriptions for policy change. We provide a conceptual framework for understanding how IOs seek to use their own cognitive authority to foster ‘diagnostic coordination’ across technocratic economic policy communities. This encourages officials to adapt to a common policy language and delimits the policy space within which they identify and propose solutions to economic problems.

INTRODUCTION

International organizations (IOs) that maintain high levels of technocratic expertise and control substantial financial resources have received sustained attention from global governance scholars due to their prominent role within processes of transnational public administration. A common observation in the literature is that IOs such as the International Monetary Fund (IMF) and the World Bank serve as agents of globalization that promote policy changes in their member states through both material and ideational means (Woods 2006, Epstein 2008, Moschella 2010, Ban 2015). From this viewpoint, IOs are typically seen as centres of policy diffusion that drive normative change in transnational administration by wielding cognitive authority over national policy elites and political decision-makers (Barnett and Finnemore 2004, Broome and Seabrooke 2007).

Rather than tracing normative contests between IOs and national policymakers, we focus instead on unpacking the modalities of transnational policy training, which is organized around situated learning (defined as ‘learning by doing’, in comparison with

more abstract ‘learning by instruction’). We suggest that an under-explored dimension of contemporary forms of transnational administration is the shift towards training as a mechanism of socialization, which aims to foster emulation and a shared policy language among a community of actors. We provide a conceptual framework for understanding the dynamics of transnational socialization by examining a case study of IMF policy training at the Joint Vienna Institute (JVI), which was established in 1992 to train post-communist policymakers in market-based systems of economic governance. In contrast to the conventional emphasis on the IMF’s lending capacity and its efforts to influence the development of transnational administration by coordinating interests across different policy communities, we investigate the mechanisms through which the IMF encourages particular economic policy ideas gradually over time via training processes. We suggest that a neglected dimension of the IMF’s influence in global public policy takes place through its capacity building and policy training activities. Transnational training for new generations of policy officials involves what we term ‘diagnostic coordination’, which equips the ‘foot soldiers’ of transnational economic administration with situated analytical tools. Rather than cultivating a transnational consensus on abstract economic ideas (Babb 2013, Moschella 2015), this form of coordination shapes how actors from different policy communities identify and diagnose economic problems, and facilitates adaptation to a common policy language for analysing the causes and possible solutions to a given set of problems.

The next section surveys theories of transnational socialization and cognitive authority. We argue that the focus on senior policy elites misses an important part of the story, namely the ‘foot soldiers’ of national economic bureaucracies who are charged with most of the implementation work (Lipsky 1980). Through transnational training these actors are encouraged to adopt common diagnostic techniques and a shared policy language. The following section examines the training modalities for capacity building at the Joint Vienna Institute, and analyses how transnational training promotes diagnostic coordination across policy communities. We discuss course content and draw upon interviews, case study integrity meetings, and survey data to show how these training modalities are understood by practitioners and participants. The article concludes with a call for further research into how mechanisms of socialization operate in global public policy and transnational administration at all levels – not only senior policy elites – in order to better understand the processes of ‘path generation’ through which global policy norms are diffused and translated across jurisdictions.

COGNITIVE AUTHORITY AND TRAINING MODALITIES

In the study of global public policy and transnational administration, socialization is commonly defined as a social process which involves the teaching of norms to a community of actors that changes how they conceive of their collective identity and their interests (Checkel 2005, p. 804). Socialization therefore involves a two-stage process, encompassing both the teaching of norms and the reception of norms by target actors (Johnston 2008, p. 18). This does not mean that an actor – once socialized within a particular normative framework – will necessarily act in a certain way just because they hold a certain professional identity and share a given set of interests with other members of the same community. A wide variety of motivations influence how actors will behave in any given situation, and actors that are socialized to share a common professional mindset are unlikely to pursue uniform types of economic reform or policy outcomes. For example, Hooghe (2012) has shown that the socialization of European Commission policy elites to endorse supranational norms occurs at the national level, rather than in Brussels. As Djelic and Quack (2007, p. 180) suggest, transnational socialization mechanisms often ‘project a logic of appropriateness’ that operates ‘not through hierarchical enforcement, but through mutual influence, imitation, and learning’ both between and across national and international policy arenas.

Constructivist approaches have provided important insights about how processes of transnational socialization work at the macro-level among senior policy elites and political decision-makers (Checkel 2005, Chwieroth 2010). However, as Johnston (2008, p. 16) points out, ‘constructivism has tended to leave the microprocesses of socialization underexplained’, with causal processes assumed rather than being unpacked empirically. Because transnational policy training typically involves processes of socialization among actors that do not initially share a common standard of legitimacy, the costs of subsequent deviation from ‘taught norms’ are low, even for developing countries that are sometimes assumed to be ‘policy takers’ with less room to manoeuvre around global policy standards. For this reason, we argue that equating graduate university training in orthodox economics with a common set of ideological beliefs is not sufficient for assuming that earlier socialization experiences guide actors’ interests and decision-making processes in their subsequent professional policy roles (Nelson 2014, p. 312). We instead suggest taking a more nuanced ideational approach to explore how the modalities of socialization operate in particular sites of professional interaction and training for junior and mid-level officials, which can help to expand our understanding

of the transnational mechanisms that facilitate gradual transformative policy change over a long-term time horizon (Shpaizman 2014, p. 1042).

Recent research has expanded beyond the focus on traditional proxies for socialization, such as educational background experiences, to examine how socialization takes place in 'real time' when official actors participate in transnational networks that offer opportunities for practice-based forms of learning and direct engagement in deliberation over policy problems (Freyburg 2015). We contribute to this emerging research agenda by examining how socialization into global economic policy norms takes place below the level of political decision-makers and senior policy elites via transnational policy training institutes. As a mechanism of socialization, transnational policy training differs from university education in several important ways. Foremost among these is that officials selected to take part in transnational training do so at a point when they have already embarked on a professional career within national policy institutions, which means that training takes place while they are 'on the job' rather than forming a set of previous educational experiences. Compared with university education in economics, for example, transnational economic policy training is less abstract with a greater focus on policy simulations applied to country case studies. This serves to operationalize abstract theories and concepts, and increases the ease with which participants can potentially transfer lessons into their own institutional environments. The role of IOs as external teachers of norms means that transnational training is explicitly geared towards coordinating the diagnosis of domestic policy problems – and the language in which they are articulated, debated, and acted upon – within a framework of global policy norms.

While university-level professional training in orthodox economics has been found to be associated with shared beliefs about how economies work and which economic policy tools are more or less effective (Chwieroth 2010, p. 102), transnational training provided by IOs is more directly connected to the everyday business of policymaking, and establishes relations that may become more consequential over time in future policy dialogue processes between IOs and national officials. IO staff possess a different status to university lecturers, and are likely to be viewed by course participants as possessing greater expert knowledge with respect to the practice of global public policy. An asymmetric power relationship exists between both university lecturers and their students as well as between IO staff and transnational training participants, but the importance for national officials from transition economies and developing economies of

maintaining good relations with IOs means that they are likely to place a premium on the specialist policy expertise of IO staff.

It is common to refer to the ideational capacities of actors who possess specialized knowledge as a form of ‘epistemic’ authority that derives from their status within a particular community of experts. Most notably, an ‘epistemic community’ is defined by common characteristics including a shared set of normative values, shared causal beliefs, shared notions of validity, and common policy practices (Haas 1992, p. 3). We use the related concept of ‘cognitive authority’ to refer to this potential source of ideational influence for IOs. Use of this distinct term helps to emphasize that our main focus is not the content of values and beliefs that members of an epistemic community may share (based on *peer recognition*), but is rather the role that IOs play in translating policy ideas and diagnostic practices between different governance contexts (based on *asymmetric capacities*). An actor has cognitive authority when they are recognized by particular audiences as ‘knowing what they are talking about’ and are able to provide ideas and information which others receive as ‘second-hand knowledge’ (Wilson 1983, p. 13). Cognitive authority refers to the recognized ability of an actor to speak authoritatively about a given issue area not just because of their professional training and membership of an epistemic community, but also because of their institutional position, practical experience, and privileged access to information that may not be available to other actors within the range of their direct experience. Those who are seen to know well, who hold cognitive authority, have a greater capacity to control policy content and implementation (Lazega 1992; Seabrooke 2014).

When IOs draw upon their cognitive authority to alter how national officials think about economic problems, they are engaged in an attempt to shape ‘new patterns of reasoning’ that help to redefine actors’ preferences (Haas 1992, p. 2). In recent scholarship the stress has been on policy diffusion via socialized elites trained in neoliberal American graduate school programs, whereby actors that share an affinity for a common set of abstract ideas reaffirm their shared identities in professional settings (Chwieroth 2010). We suggest that IOs use training programs based around situated learning to reduce information asymmetries between their staff and national officials during periods of policy review and negotiation. We also suggest that transnational training environments provide a particular type of socialization by experience – engaging with common governance challenges – that differs from current theories about how national officials are socialized by IOs, which rely much more on affinity. Socialization by affinity requires

the actor to abstract and imagine a relationship based on character attributes, such as equating doctoral training in a top US economics department with a ‘neoliberal PhD’, while socialization by experience is grounded in practices.

Cognitive authority is an important feature of transnational policy training for three reasons. First, IO staff who teach course participants are deemed to possess a high level of cognitive authority in their respective policy area. Second, participants are taught through modalities that encourage them to apply theoretical models and macroeconomic formulas to practical examples of economic problems in order to foster common diagnostic skills. This informs the ways in which economies are made ‘legible’ and amenable to reform, and how economic problems are understood and classified (Broome and Seabrooke 2012). Third, transnational training enhances the relative standing of officials within their own institutional environments, and may increase the authority with which they present policy advice and arguments for dealing with economic problems by providing them with a stronger ‘knowledge mandate’ derived from their training experiences (Halliday 1985).

This cognitive authority and knowledge mandate is used not only within intellectual circles of economics to foster mutual esteem and prestige among IMF staff (Momani 2007), but also to develop forms of training that emphasize situated rather than abstract learning (Lave and Wenger 1991). We identify three training modalities that link cognitive authority to diagnostic coordination, including:

- Selection
- Socialization
- Environment

Selection is concerned with who is chosen to attend training, and whether the IO or transnational institute directly chooses certain students or if this task is delegated to national authorities. IOs that directly choose the participants they wish to train are selecting ‘sympathetic interlocutors’ in a more obvious way, while national authority selection opens up the possibility of selection as a reward rather than competence building. *Socialization* refers to the discussion above, as well as more fundamental questions of how long participants are exposed to particular environments and how frequent interactions are among the participants outside of training. Here we would expect to find differences among types of authorities, with those working for central banks highly integrated (creating what Johnson (2006) refers to as a ‘transnational

wormhole'), while those working for ministries of finance or economics are more reliant on the length of the training period to be socialized into particular ways of thinking about policy. *Environment* refers to the in-class arrangements and tasks provided by instructors and undertaken by participants. This incorporates both the content and the form of training, from the teaching of highly abstract formal models and macroeconomic formulas in a lecture environment to team-based problem-solving work with assisted software in more open class environments. The modalities of *selection*, *socialization*, and *environment* determine the types of connections between cognitive authority and diagnostic coordination.

We argue that these modalities do not simply aim to develop the 'learning curve' of officials by increasing abstract knowledge, but also aim to shape the 'policy curve' of economic reform. While the former can be conceived as the capacity of policymakers to choose and reflect on what policies are most appropriate to achieve diverse economic objectives, the latter shapes the policy orientation of officials and the possible choice-set of economic objectives by delimiting the range of 'thinkable' policy options. The conceptual distinction we draw between a learning curve and a policy curve is illustrated in Figure 1, which we provide as an illustration of how the IMF thinks about transnational training. When actors' capacities increase as they move along a learning curve associated with greater difficulty of abstraction, the scope of policy space available to conceptualize different governance strategies expands. Increasing capacity on a policy curve has the opposite effect: policy space is reduced as actors converge on a shared policy language and learn to solve problems through common diagnostic practices embedded within 'best practice' policy norms.

[Figure 1 about here]

In Figure 1, policy capacity is the level of potential for implementing change, while policy space is the range of options that is available for crafting change. This does not imply that, as actors move along a policy curve, their options are reduced to a Washington-consensus style 'one-size-fits-all' policy agenda, but rather suggests that the scope of the policy agenda can be reduced at the same time as capacity for reform implementation increases. National officials are thus conceived as 'domestically based translators' of global policy norms, who are able to 'choose between alternatives' (Stone 2012, p. 496).

Quadrant A in Figure 1 depicts the initial position of 'lagging' reformers, policy officials from countries which are able to increase capacity but lack the political will to

introduce painful economic reforms. Quadrant *B* refers to those who are eager to embrace global ‘best practice’ policies without the capacity to adapt them to the local environment. In quadrant *C* officials have attained a high level of abstraction and are able to design the cognitive frames of structural reform, making them innovators within global public policy. In quadrant *D* are officials who comprise the foot soldiers within national bureaucracies and are engaged in transnational training networks where they adopt a common policy language that can be used in policy implementation. This is the ‘sweet spot’ for the IMF since training can encourage national officials to adhere to a particular set of IMF sponsored ideas on appropriate economic policies, and also improve their capacity to implement these ideas through diagnostic coordination that aligns their causal beliefs with those of IO staff. When this occurs these officials are often seen by IOs as ‘star reformers’, but remain subordinate in a hierarchy with those higher up the learning curve. As actors move further along a policy curve this facilitates future cooperation with IOs, because national officials are ‘socialized into ways of seeing policy problems through certain cognitive and normative lenses’ (Coletti and Radaelli 2013, p. 1056). As we demonstrate below, over time the IMF and the JVI are targeting countries where significant numbers of officials can be trained to develop a critical mass of ‘sympathetic interlocutors’.

FOSTERING SYMPATHETIC INTERLOCUTORS

The diffusion of global policy norms by IOs often depends on domestic reformers who push for changes in their institutional environments. Policy officials who are selected as students for transnational training have already been identified by IOs as potential reformers, or ‘sympathetic interlocutors’ in the terminology commonly used in the global governance literature (Woods 2006, pp. 72-76, Broome 2015). The concept of the sympathetic interlocutor is under-theorized in existing scholarship, despite being widely cited. It is typically used to refer to national policymakers who are sympathetic to advice from the IMF or the World Bank because they share a common framework of understanding with IO staff based on similar experiences of professional training. Given sufficient numbers, such interlocutors can ‘alter the domestic political balance of power in favor of reform’ in ways desired by IOs (Henisz, Zelner, and Guillén 2005, p. 875). As Woods (2006, p. 72) describes the concept, when IMF staff ‘share technical expertise, methodology, and an orthodox economist’s understanding of problems and solutions with officials in a borrowing country’ the capacity of IMF staff ‘to transmit (or reinforce) ideas is heightened’.

This represents an important basic insight into when national and global actors are more likely to cooperate to drive through policy reform. However, it black boxes the processes through which national officials become sympathetic interlocutors for IOs. This is sometimes reduced to the question of whether country officials were educated in economics departments at universities that taught courses based on an orthodox curricula, in which case country officials and IMF staff are classified as ‘fellow neoliberals’ (Nelson 2014). While sympathetic interlocutors who favor economic paradigms championed by the IMF and the World Bank are easy to locate, especially if this is assumed on the basis of officials’ educational background, we do not know much about how they emerge. This is, in part, because the existing global governance literature on transnational socialization is primarily oriented towards senior policy elites.

To operationalize the concept of the sympathetic interlocutor, and to better understand the dynamics of policy dialogue between national officials and IO staff, we analysed the training modalities of the JVI as a major hub for transnational policy training provided by a range of IOs. At the JVI students receive training from the IMF, the World Bank, the Bank for International Settlements (BIS), the European Bank for Reconstruction and Development (EBRD), the Organization for Economic Cooperation and Development (OECD), the European Investment Bank (EIB), and the World Trade Organization (WTO). Since the JVI was founded in 1992 it has trained over 30,000 policy officials, mostly from post-communist countries in East and Central Europe and the former Soviet Union.

A major focus of policy studies has long been the relationship between structural reforms and coalitions of ‘policy entrepreneurs’ or ‘norm entrepreneurs’ who serve as agents of change (Kingdon 1995, Finnemore and Sikkink 1998, Baker 2013). What has received less attention is how actors are socialized into becoming policy entrepreneurs in their respective institutional environments. The long-term dynamics of transnational training are significant for understanding patterns of policy change in situations where actors must gradually acclimatize themselves with new models for thinking about governance that result from policy diffusion processes. As Houston (2014) has demonstrated, in many transition economies the focus of policy reform efforts was initially concentrated on changing the institutional architecture without a similar focus on changing administrative subcultures in public agencies, which inhibited the potential for officials to be socialized into new governance models. The learning curve is especially steep if such models have been imported under pressure from an IO, and may involve drawn out bureaucratic contests over appropriate policy objectives and the means to

achieve them. In this respect, following Djelic and Quack (2007, p. 181), the ‘long-drawn process of path generation’ often depends upon ‘a combination of different mechanisms’. Timing is particularly important for training when this involves the slow gestation of changes in actors’ attitudes and beliefs over the course of a generation, as has been the case in many post-Soviet transition economies (Mishler and Rose 2007). In such circumstances socialization processes are likely to have a more observable impact on ‘path generation’ when they coincide with other mechanisms of change, such as conditionality applied by the IMF, the World Bank, or the European Commission.

Throughout its history the IMF has placed a high value on technical assistance and policy training as a form of capacity building for national policy communities, with rapidly growing demand from member state officials for training at the IMF Institute in Washington, D.C., after it was established in 1964 (de Vries 1976, p. 588). During the period from 1998 to 2012 the IMF’s spending on capacity development rose as a proportion of its overall costs from 14% to 23%, with an increasing reliance on donor financing of capacity building activities (IMF 2013). In 2012 around half of the IMF’s policy training activities were provided outside of Washington at seven regional training centers (RTCs). From these seven RTCs, the JVI offered the highest volume of policy training (28%), followed by the Singapore Regional Training Institute (22%) for the Asia-Pacific region (IMF 2012, p. 4).

The emphasis on policy training is informed by the recognition that ‘capacity limitations – rather than lack of political will – often impede implementation of economic reforms’ (IMF 2002). Research conducted by IMF staff has suggested that transnational training fosters economic reforms through three channels: (1) disseminating state-of-the-art knowledge of global ‘best practice’ in specific policy areas; (2) increasing officials’ level of familiarity with the design of the IMF’s macroeconomic framework for economic projections; and (3) building a consensus in favor of economic reforms, once training has been provided to a large enough group of officials in a given country (Arezki *et al.* 2012a, p. 7). This underscores the importance of training for processes of policy diffusion, the relations between IOs (and especially the IMF) and national bureaucracies, and the development of reformist coalitions.

During the last two decades the JVI has become the model used by the IMF to design new regional training centers in Africa, Asia, and the Middle East. The JVI was originally established in 1992 as a collaborative endeavor between five IOs and the Austrian central bank and ministry of finance, in order to facilitate the transition to market-based

economies in post-communist countries by fostering changes in how Soviet-trained economic policy officials understood market processes and economic governance. From its early focus on training national officials in the basic principles of macroeconomics for market-based systems, the JVI has since evolved to provide sophisticated practice-based policy training as post-communist countries gradually became more integrated into the global economy (Broome 2010, p. 621).

Figure 2 provides a quick overview of the JVI participants by country. The location of the country on the Y-axis reflects their year of peak engagement with the JVI (the year they sent the most participants). The X-axis is the 'polity' score for the country in the peak year, derived from the well-established Polity IV database, which scores a range of regime and institutional characteristics to create a unified polity scale from +10 (strongly democratic) to -10 (strongly autocratic). The size of the bubble represents the total number of national officials sent to the JVI for policy training. During this period Russia sent the most officials with 2,386 participants and Myanmar sent the least with 174 participants, while the country average was 878 participants. As Figure 2 illustrates, in the mid-1990s the JVI concentrated on providing training to officials from large East and Central European countries undergoing extensive reforms as well as small countries among the former Soviet republics that are classified as more democratic in the Polity IV database. This period also saw significant investment in training for more autocratic regimes in Central Asia, as well as small numbers of participants from autocratic countries in Southeast Asia.

[Figure 2 about here]

The recent period from 2010-2014 differs significantly, with training targeted at small East European countries where significant numbers of participants from ministries are being trained to provide a critical mass that can embed a common policy language within their respective national bureaucracies. For example, Armenia, Georgia, and Moldova stand out for having large numbers of participants (1,213, 1,051, and 1,192, respectively), while an economist at the JVI informed us that over three-quarters of the staff in the National Bank of the Republic of Macedonia had received training at the JVI. Azerbaijan is a notable exception in this period as a more autocratic state receiving training. In countries where the rate of participation in transnational training is high, the modalities of selection, socialization, and environment combine to help foster a critical mass of

policymakers who can potentially sing from the same hymn sheet by speaking a common policy language in domestic bureaucratic contests over alternative policy ideas, as well as in economic surveillance and loan negotiation discussions with IMF staff.

TRAINING MODALITIES AT THE JVI

During 2009-14 we were granted access to the JVI and made a series of concentrated research visits to study training modalities in transnational capacity building. We mainly used in-depth interviews, complemented by a survey of a cohort of course participants, document analysis, and observations of JVI teaching in action. (See Box 1 for a more detailed overview of interview research themes.) During five research visits we conducted 27 in-depth interviews, including interviews with permanent teaching staff, teaching staff seconded from IOs, administrative personnel who have worked at the JVI for an extended period of time, and the Directors and Vice-Directors of the Institute, both of whom changed during this period. We conducted a survey with students at the JVI to investigate their attitudes towards JVI policy training, and observed styles of teaching and learning in classes. In addition to research conducted at the JVI itself, in April 2013 we held a stakeholder engagement workshop in Washington, D.C., with capacity development staff from the IMF and the World Bank in order to gain further insights into the dynamics of transnational policy training from staff based at these organizations' headquarters.

[Box 1 about here]

The JVI concentrates on ensuring that those attending its flagship training programs have shared experiences in and outside the classroom, including dormitory-like residence as well as common trips. The training environment for most classes revolves around lectures and small groups that work through case study problems together. The documents presented to the participants replicate the format of IMF official documentation, and provide 'hands on' tasks. In this way the JVI seeks to foster a form of situated learning (Patriotta 2003), where training connects diagnostic activities (such as reasoning through how to balance the Ukrainian budget, as we discuss below) with a common policy language for articulating and debating the range of possible solutions to a given economic problem. Here a particular policy practice (balancing a budget) is linked to a particular way of seeing the economy (budgets *should* be balanced) that delimits the range of options that are available to select from as 'thinkable' policy choices.

Situated learning relies heavily on environments to provide cues and resources for participants to engage in ‘learning by doing’ activities that depend less on formal abstract knowledge and involve more hands-on sensemaking processes. We contend that it is this kind of experience that is more common among the foot soldiers of transnational administration than the policy elites studied by Chwieroth (2010), Nelson (2014), and others. Through engagement with situated learning the training provides participants with ‘repertoires’ of tools and language (Wenger 1998). For example, the measurement of net material production, the key component of national income in the Soviet period (Herrera 2010, p. 24), is quickly dismissed in favor of gross domestic product (in-class observation; on measurement see Mügge 2015). Transnational policy training is an example of IOs instructing national officials to ‘see’ how economies work in a particular way (Broome and Seabrooke 2012).

Selection Processes

The selection of participants to attend courses at the JVI involves the vetting of officials who may eventually become sympathetic interlocutors. In this sense, participants at the JVI are selected for socialization to shape policy curves within their own institutional environments. Interviewees informed us that in some cases participants are nominated by senior managers within their ministry or central bank as a reward for good performance (‘a trip to Vienna’). In most cases, however, the selection process is more orchestrated.

Typically the JVI sends requests to targeted countries to nominate candidates. Individuals then apply with a CV, an academic recommendation, a work recommendation, and a written sample of work. The application is reviewed internally by the Director and Deputy Director and in some cases in consultation with the relevant IMF Resident Representative in the applicant country (for those applying to the IMF Institute in Washington staff from the relevant IMF Area Department are also involved in selection). In general no more than three or four participants from one country will be permitted to attend a course at the same time, to ensure diversity and to encourage interaction across different policy communities. The IMF’s Institute for Capacity Development maintains a repository of CVs to track all public officials who apply for IMF-sponsored policy training, the Participant and Applicant Tracking System (PATs), which includes information on applicants’ job description and whether they have been recommended for training by an IMF Resident Representative or Area Department, and

whether they are currently involved with IMF policy dialogue missions and how significant their role is (e.g., 'somewhat valuable') (Arezki *et al.* 2012b, p. 17). These screening processes help to ensure that national officials selected for training at the JVI are those most likely to be receptive to the course content, with a direct link to enhancing the traction of IMF policy dialogue in participants' home institutions.

Socialization Dynamics and Training Environment

A core focus of JVI policy training is the promotion of a shared vocabulary in which to discuss and debate practical economic problems and potential solutions. Most of the teaching staff and administrators with long-term experience of working at the JVI emphasize the importance of constructing a common policy language among the students and staff from IOs. Some teaching staff interviewees went so far as to say that the role of the JVI was to teach IMF-derived understandings of economic concepts and behavior to post-communist economic policymakers. One interviewee – an IMF staff member who has provided periodic training at the JVI over numerous years – described teaching at the JVI as 'training to improve capacity for Article IV consultations' (the IMF's regular policy dialogue process with national authorities, see Broome and Seabrooke 2007). This interviewee stated that one of the primary goals of transnational policy training was for national officials to 'learn to speak the language the IMF speaks'.

This goes beyond the dynamics of policy diffusion to encompass the more direct application of cognitive authority to reshape patterns of reasoning for diagnosing and responding to economic challenges. For example, other interviewees stressed the importance of the style of teaching, and the majority explained that the form of training was more akin to a business school in teaching cases with applied methods rather than informing students of the importance of abstract economic concepts. Interviewees stressed that teaching concentrates on 'hands-on learning' and establishing 'missing links' rather than academic abstraction (one interviewee emphasized that the 'JVI is not a grad school'). In class the students were geared to work on policy simulations, such as the example of balancing the Ukrainian budget, or stress-testing the Croatian banking system. Training focused on case study discussion of national policy choices and thinking through alternative scenarios for increasing growth, negotiating policy targets for an IMF program, and liberalizing the regulatory framework.

A financial programming case study on Ukraine involves providing the participants with a training workbook for small groups to simulate the task of preparing a macroeconomic program for the following year. The first step for the group is to develop

a 'baseline scenario' – a complete set of economic projections for the next year on the Real Sector, Balance of Payments, Fiscal Accounts, Monetary Accounts, and Interrelations. Training workbooks contain a mix of diagnostic techniques, stylized facts, and policy assumptions. This includes: data on current economic performance and information on sources for economic forecasts, such as the IMF's World Economic Outlook; exchange rate projections and expert estimates on key economic trends from different government agencies; the amount of IMF loan repayments, noting that there is no access to new financing because the current IMF program is 'off track'; and assumptions about the volume of lending from official and private foreign creditors, which is causally linked to the policy environment and the perceived rate of 'structural reform momentum'.

In a small group workshop format, participants debate baseline scenarios for outputs, expenditure, and prices, for balance of payments issues, for the fiscal sector, and for the monetary sector. The training workbook provides participants with hypothetical advice from experts in various ministries alongside advice from 'external consultants' on short- and medium-term structural reforms. These expert consultants advise on what policy measures are appropriate, and where decisions should be made on borrowing, fiscal revenue, and monetary policy. The content of expert advice is firm on certain issues while ambiguous on others. This encourages participants to treat certain causal beliefs and normative values as axiomatic, at the same time as fostering deliberation over a select set of major policy questions. For example, the expert advice is firm that fiscal revenue should be boosted through stronger administrative capacity and good remuneration rates for tax officials, while a process of enabling privatization is encouraged through transparent international tenders, as is removing red tape from business licensing, reducing direct and implicit subsidies, and liberalizing prices. In contrast, the expert advice on floating versus fixed exchange rate regimes is mixed, and participants are challenged to debate the merits and disadvantages of alternative exchange rate policy choices.

The second step in the training simulation is for groups to reflexively evaluate whether the baseline scenario indicates the need for a macroeconomic stabilization package and further structural reform. This centers on addressing a list of questions that provide clear cues on the preferred policy priorities, such as: 'Is inflation being reduced quickly enough?', 'Would it be desirable to attract more foreign direct investment?', 'Is the fiscal deficit too large? Does it crowd out borrowing by the rest of the economy needed to support investment and growth?', 'Are revenues too small or expenditures too large?',

and ‘In your opinion, what are the most pressing structural reforms that need to be undertaken?’. Once groups have debated these questions and determined a set of structural reform priorities within a program scenario, the third step is to re-evaluate the baseline projections in light of economic policy objectives for Ukraine for the next financial year. Finally, each group must produce a series of economic projections represented in ten tables to showcase their baseline scenarios and their assumptions about economic performance under the macroeconomic program they have designed. The format in which data must be presented directly replicates the format used in the IMF’s Article IV surveillance reports and staff reports on requests for loan agreements, which aims to increase officials’ familiarity with the diagnostic toolkit used by the IMF to create a snapshot of a country’s economic performance. These projections are then distributed and discussed in plenary sessions with other participants, with each group responsible for presenting their key assumptions and conclusions to the class.

Another case study involves a policy simulation of the Latvian crisis and the country’s 2009 IMF loan, where participants focus on examining the decision over whether to keep or break Latvia’s exchange rate peg to the euro. At the time, this was a key point of contention between IMF advisors and European Commission advisors negotiating the policy program for Latvia (Lütz and Kranke 2014, pp. 319-320). This format of policy simulations based on past examples and the possible consequences of alternative policy choices has been developed over time to provide continuity in training modalities at the JVI. Policy simulations and case-based application can be viewed as an embodiment of the IMF’s cognitive authority, which signals to participants that these techniques and concepts are the ones that should take prominence in economic governance because they will be included in discussions with the IMF. As one interviewee noted, a key purpose of policy training through the JVI for the IMF is to ‘level the playing field in who is doing surveillance’ by reducing information asymmetries between the IMF staff and national officials.

An important factor stressed by interviewees is the cumulative volume of officials from specific national institutions who undertake transnational policy training over successive years. One interviewee stated that following his training experience at the JVI he returned to his country (which is commonly considered to be a ‘lagging’ post-communist reformer) and found it difficult to apply the lessons from the JVI due to entrenched resistance to economic reform and a lack of political will (a quadrant A case in Figure 1). This highlights the issue of timing in processes of long-term policy change.

For this interviewee, the problem of translating JVI training into his home policy environment persisted until enough a larger number of officials had gone to the JVI and returned to the country. With sufficient numbers he was able to work with other JVI-trained colleagues to incrementally push for changes in governance processes within the country's central bank, and to encourage policymakers to be more receptive to cooperation with the IMF (thereby gradually moving closer to quadrant *D* in Figure 1). This points to a threshold effect from transnational policy training – a tipping point – once the number of sympathetic interlocutors is increased. In this particular case, the opportunities for sympathetic interlocutors to collectively push for economic reforms were strengthened by a subsequent IMF loan agreement, which reinforced the arguments of domestic reformers with policy conditionality.

JVI Cohort Data

In June 2012 we conducted a survey of 29 participants who were half-way through the JVI's flagship 10-week course on 'Applied Economic Policy' (AEP). The AEP course is targeted at early-career officials aged 25-35; around half of current participants are recruited from former Soviet republics, with the rest of participants coming from transition economies in East and Central Europe as well as some from Asia. In our survey, 45% of respondents were male and 55% were female, 59% had a Masters-level degree and 21% had a PhD, 59% had between one and five years' experience in the public service, and the majority worked either within finance ministries (31%) or central banks (41%). Nearly one-third of respondents had previous policy training provided by the IMF (28%), while 86% had undergone some form of prior transnational policy training. These are our archetypal 'foot soldiers' within national bureaucracies: early-career officials who are highly educated, work in top economic governance institutions, and are eager to develop their policy expertise through transnational training.

The AEP course at the JVI has the objectives of strengthening the analytical skills of participants and enabling them to formulate economic policy recommendations and advice. Applicants are required to have a university degree in economics or a related field, and are expected to have a minimum of two years' professional experience in the public sector. The size of the cohort on the AEP course is restricted to a maximum of 30 participants. In 2012 the course included topics on macroeconomic management (taught by the IMF), labor market and social policies (taught by the OECD), private sector development and corporate finance (taught by the World Bank), financial sector issues

(taught by the Austrian central bank), financial programming (taught by the IMF), governance and public sector management (taught by the World Bank), and trade policy and international trade regimes (taught jointly by the WTO and the World Bank) (JVI 2012).

The results from our survey of JVI course participants show they view transnational policy training as important for their career development within national policy communities (86% of respondents either agreed or strongly agreed), with the main career benefits of JVI training identified by participants as enhancing future promotion opportunities (14% of respondents), introduction to new ideas (28%), and the development of greater expertise (59%). The main reason respondents identified for applying for transnational policy training at the JVI was not career advancement (14%) but the development of professional skills (83%). An overwhelming majority of survey respondents either agreed or strongly agreed that, following JVI training, they would be likely to apply for further policy training at the IMF Institute or the World Bank Institute (21% agreed, 63% strongly agreed).

The survey data provides support for our initial assumption that transnational policy training can help to foster diagnostic coordination among a community of actors, and contributes to enhancing future policy dialogue with IOs. Over 72% of respondents indicated that JVI training was either important or very important for creating a transnational network between national officials, while 72% of respondents agreed or strongly agreed that JVI training made them more likely to discuss common policy challenges with officials from other countries to learn from their experiences. Moreover, 86% of respondents agreed or strongly agreed that JVI training improved their capacity to engage in policy discussions with IOs in general, while 76% of respondents indicated that JVI training was either important or very important for national policy dialogue with the IMF.

While our survey data cannot shed light on how officials' subsequent behavior was influenced by their experience of transnational policy training, evidence compiled by IMF Research Department and Institute for Capacity Development staff who investigated the impact of policy training in 150 countries over a 30-year period from 1980 to 2010 suggests that IMF policy training leads to an increase in IMF-friendly structural reforms when two conditions are met: (1) when reforms are pursued in the context of IMF loan programs; and (2) when a significant proportion of the respective national policy community has undergone IMF-sponsored training. The conclusion reached in this study by IMF staff

was that extensive policy training for a given country's officials 'increases the likelihood that a subsequent IMF programme provides a window of opportunity for reforms in which IMF conditionality and governments' reform ownership reinforce each other' (Arezki *et al.* 2012a, p. 13).

Based on in-depth interviews and survey data, document analysis, and teaching observations, our findings support the argument that transnational policy training through the JVI fosters the conditions for officials within national bureaucracies to become 'sympathetic interlocutors' for IOs. Becoming a 'sympathetic interlocutor' does not necessarily make an individual actor a 'policy entrepreneur', however. This is a problem in the existing global governance literature, which tends to conflate the two concepts. A common observation from our interviewees was that JVI course participants are more likely to be influential in changing the parameters of economic governance (or 'path generation') within their home institutions once sufficient numbers of officials from a country's central bank or finance ministry have undergone transnational policy training, which can then 'tip the scales' in favor of IMF-friendly structural reforms. While transnational training can serve to foster the ideational conditions for translating global policy norms into national economic governance systems, an important avenue for future research is to examine how policy training interconnects with other forms of transnational networking, regional integration processes, and domestic 'windows of opportunity' for reform during periods of crisis.

CONCLUSION

Coordinating diagnostic practices across different policy communities helps to shape how actors 'see' the economy and the patterns of reasoning they use to judge the merits of alternative policy choices and make decisions. Diagnostic coordination enables national officials to speak the same language as the staff of international organizations, facilitating a deeper level of cooperation. For this reason, sympathetic interlocutors are valuable resources for IOs that seek to foster long-term processes of structural reform. Conversely, the lack of sympathetic interlocutors within national bureaucracies can be a major obstacle in policy dialogue processes with IOs, and can impede the progress of structural reforms under IMF loan programs.

Many of the officials who undergo transnational policy training through the JVI come from countries classified by IOs as 'lagging' reformers. To return to Figure 1, the IMF seeks to move officials from these countries from quadrant A (policy heterogeneity with low capacity) to quadrant D (high capacity based on 'best practice' policy norms).

Transnational policy training provides the best means of doing so. In such cases, our findings suggest that IOs engage in transnational policy training in an effort to shape national ‘policy curves’ through selection, socialization, and environment. When economic officials have been socialized through transnational policy training into a framework of shared causal beliefs, this is likely to influence three main aspects of their future professional actions:

1. *Policy diagnostics*: how economic problems are identified and understood;
2. *Policy language*: how solutions to a given problem are articulated and debated;
3. *Policy space*: the range of ‘thinkable’ reform options on the policy agenda.

The IMF’s intention is to influence the policy orientation of officials to make them more sympathetic interlocutors for a range of IOs, while increasing the knowledge mandate that officials can draw on to push for reforms within institutions in their home countries. The current trend within IOs towards integrating training with technical assistance is a drive to ensure policy implementation that can build on the type of situated learning environment described here.

This form of socialization takes place through transnational policy training when the cognitive authority of IOs is used to foster diagnostic coordination among national officials. The conceptual argument we have presented is that when the modalities of transnational policy training – selection, socialization, and environment – are in accord officials can be pushed along a policy curve, diminishing the range of options (the policy space) they subsequently refer to when addressing problems in their own institutional environments. This calls for further research to investigate how these relations play out over time in different policy communities and to establish the conditions under which a ‘tipping point’ is reached, when the volume of sympathetic interlocutors within national bureaucracies is sufficient to shift the path of economic policy in cooperation with IOs.

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BOX 1 *Interviews: research themes*

- How has the JVI evolved as an institution over time?
- What role does transnational policy training play in fostering good relations between national officials and IOs?
- What benefits do participants gain from courses at regional training centres?
- How are course participants selected?
- What are the main reasons participants apply for transnational policy training?
- Are the participants taught more like students in a typical university or like students within a typical business school?
- How does JVI training interconnect with technical assistance provided by IOs?
- Has the JVI contributed to creating a regional policy network among participants?
- What forms of contact does the JVI maintain with former participants?

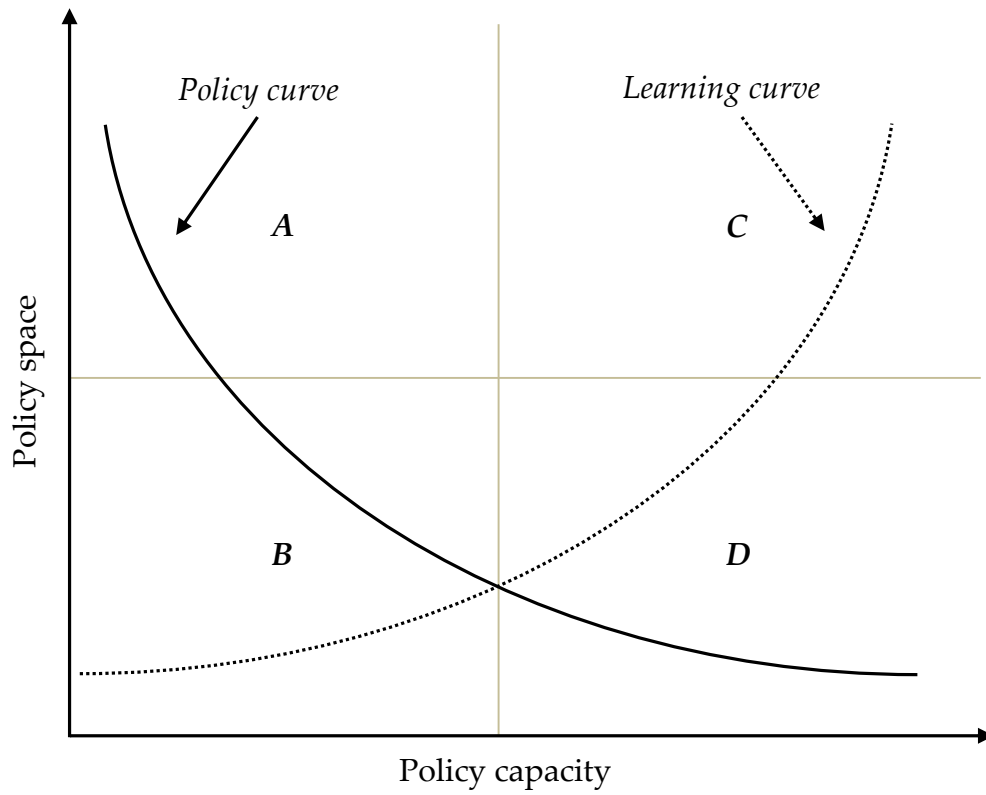
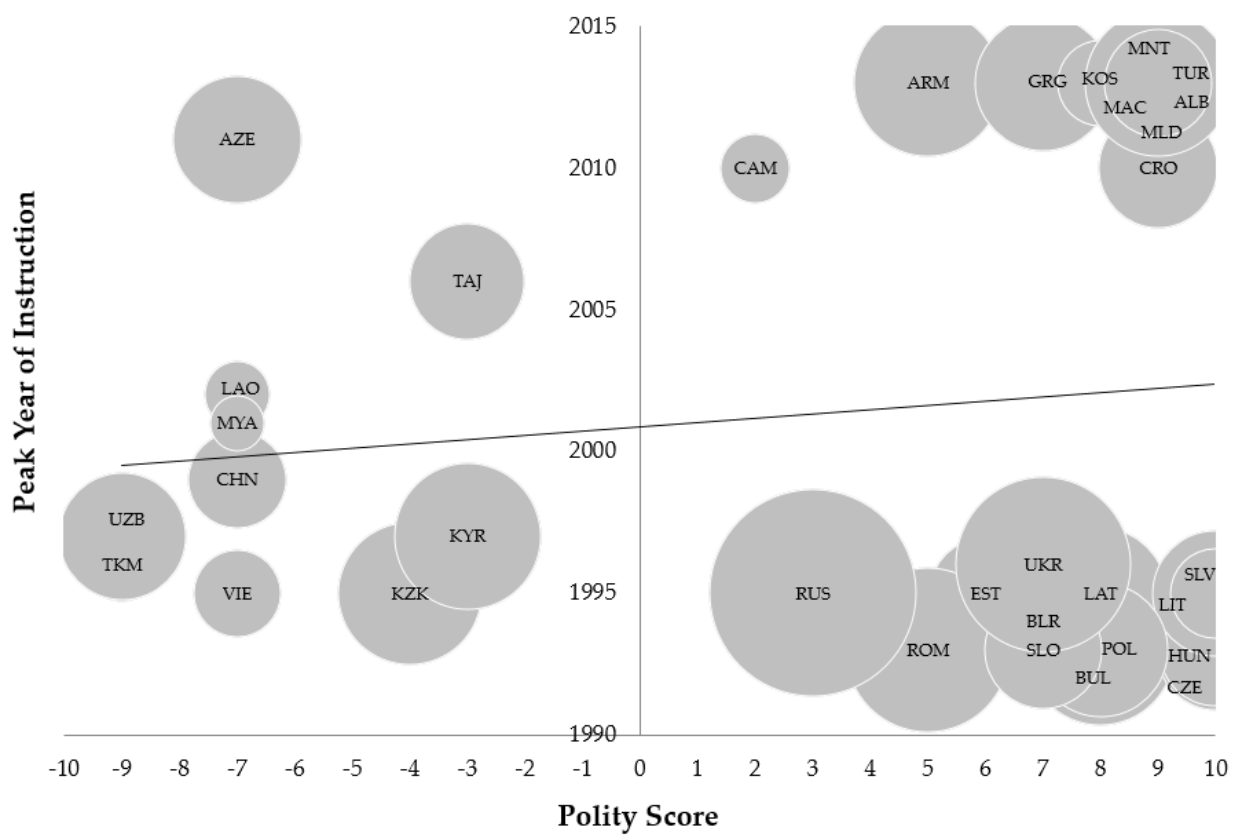


FIGURE 1 *Policy space and capacity building curves*



Source: Authors' computation based on JVI data and Polity IV data from www.systemicpeace.org (accessed January 2015).

FIGURE 2 JVI Participants by Country, Year of Peak Engagement, and Polity IV Score